



4004

ANNUAL REPORT

OF

Name: NIAGARA TELEPHONE COMPANY

Principal Office: 1133 MAIN ST
P.O. BOX 3
NIAGARA, WI 54151-0003

For the Year Ended: DECEMBER 31, 2002

TELECOMMUNICATIONS UTILITY
TO
PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854
Madison, WI 53707-7854
(608) 267-9504

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

GENERAL RULES FOR REPORTING

1. The annual report due date is April 1 of the following year. (Example: The 2001 report is due April 1, 2002.) If that date falls on a weekend or holiday, the annual report is due the following business day.
2. **Electronic filing via e-mail is required.** Go to the Public Service Commission of Wisconsin's web page at <http://psc.wi.gov>, click on Telecommunications and click on Annual Report for Incumbent Local Exchange Carriers (LECs).
3. LEC entities with no revenues for the report year are required to file a LEC annual report.
4. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records of the utility in conformity with the Uniform System of Accounts prescribed by the Public Service Commission in docket 05-US-102. The definitions and instructions contained therein should also apply to the report wherever applicable. A query or response concerning information contained in this report regarding any practice or transaction should not be construed as indicating conformity to accounting or other pertinent regulations.
5. Please follow all instructions and answer each question fully and accurately. Provide additional information as necessary to avoid misunderstandings or misleading responses. Abbreviations listed on page 6 may be used. However, please show the exact name of the respondent in full on the Identification and Ownership page.
6. Wherever information is requested in a "note," please show that information in the space provided, or make reference to the adjacent page or insert where the note may be found. Please also identify each note. Footnote capability is included in the annual report software program. Please use it where necessary to fully explain particulars in the annual report.
7. Numeric items are limited to digits (0-9). A minus sign "-" should be entered in the software program to indicate negative values. The program will convert the minus sign to parentheses if a hard copy of the annual report is printed. Negative values may not be allowed for certain entries in the annual report due to restrictions contained in the software program.
8. Please report all dollar amounts to the nearest whole dollar.
9. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.
10. Wherever schedules call for data from the previous year and such data were reported in the previous annual report, the previous year's data should be reported without modification. If modified, an appropriate footnote indicator and explanation should be included in the current year's annual report.
11. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the "Individual or firm, if other than utility employee, preparing this report" portion of the Identification and Ownership schedule, which describes the nature and extent of work performed.
12. The LEC annual report program incorporates provisional confidentiality capability for selected items, based on the Commission's confidentiality determination dated February 5, 2002.
13. It is not necessary to sign the signature page.
14. **Edit Check, Confidential Listing, Exported Annual Report, and Export Status Files;
Filing the Completed Report:**

GENERAL RULES FOR REPORTING

Program edit checks, which are located under the Admin dropdown menu, should be run at the completion of data entry. Each edit problem lists pertinent schedule(s) as well as the nature of the problem (such as "does not equal"). Edit items should be reviewed and corrected; unresolved problems should be footnoted in the report, if necessary. This screen automatically saves the edit checks to an .edt file that may be viewed and edited (for purposes of adding necessary notations) using a word processing package such as WordPad.

The confidential listing, which is located under the Admin dropdown menu, should also be run at the completion of data entry. This will create a .clf file.

Select the annual report to export from the Main-Report Selection window. Click Admin, Export Data to PSC to start the export process. This will create an .mdb file, which will subsequently be encrypted to a file with an .sen extension. An export status file is also created (with a .txt extension). The export status report file may also be viewed in a word processing package such as WordPad. If you encounter any export errors, please contact the Commission for assistance.

The .edt, .clf, .sen, and .txt files will be zipped to a file with a .zip extension. An e-mail message will be created, addressed to pscrcs@psc.state.wi.us. The .zip file is automatically attached to the e-mail message. After the e-mail is created, it will automatically be sent to the Commission.

Once received and processed by the Commission, you will receive a response indicating that your annual report has been received and is being processed. You will be notified if there are any problems with the annual report filing.

15. Name Changes:

If a name change is identified in the report, documents from the State of Wisconsin Department of Financial Institutions (DFI) also must be submitted to the Commission:

A domestic corporation should send a copy of the stamped page from its Articles of Amendment as filed with DFI. A foreign corporation should send a copy of their Amended Certificate of Authority as issued by DFI.

These documents can be obtained by:

1. Calling DFI at (608) 261-7577;
2. Contacting DFI on the web at www.wdfi.org; or
3. By writing to DFI at P.O. Box 7846, Madison, WI 53707-7846.

While the electronic annual report filing may detail the name change (i.e., date of the change and the affected entities with their respective four-digit Commission utility identification numbers), a name change is not effective in the Commission's records until a separate notification letter is sent to the Commission including documentation to confirm registration of that change with the State of Wisconsin Department of Financial Institutions.

16. Changes to the Annual Report Subsequent to Filing:

If making revisions to the report subsequent to filing with the Commission, resubmit the report via e-mail following the procedures set forth above in item number 14. New edit check, confidential listing, exported annual report, and export status files should be created as a result of the revisions.

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ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Access Line	Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency transmission, and/or time slot transmission. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice channel or a 64 kilobits per second digital channel.
Analog Signal	A signal that varies in a continuous manner such as voice or music. An analog signal must be contrasted with a digital signal which can assume only discrete values.
Cellular System	A high capacity land mobile radio system in which an assigned frequency spectrum is divided into discrete channels that are assigned to a cellular geographic serving area.
Central Office	A switching unit in a telephone system providing service to the general public, having the necessary equipment and operating arrangements for terminating and interconnecting lines and trunks.
Centrex	A service for customers with many stations that permits station-to-station dialing, one listed directory number for the customer, direct inward dialing to a particular station and station identification on outgoing calls. The switching functions are performed in a central office (stand alone, host or remote).
Channel	An electrical communications path between two or more points. A single pair of wires may provide more than one channel. A channel may also be provided by microwave.
Customer	A person who uses a telephone as a subscriber.
Digital Signal	A signal that has a limited number of discrete states. This may be contrasted with an analog signal that varies in a continuous manner and may have an infinite number of states.
Equal Access	The ability of the subscriber to use any long distance service by dialing the same number of digits.
Exchange	A defined area served by one or more central offices regardless of technical serving arrangements within which the company furnishes service at rates and rules prescribed for that area in the company's filed tariffs. The area is not necessarily marked by political boundaries or the location of host or remote switching units.
Extended Area Service (EAS)	The ability of a customer to call customers in other exchanges at no additional charge or at an additional charge per tariff.
Extended Community Calling (ECC)	The ability of a customer to call customers in other exchanges at rates usually above EAS rates but below toll rates for comparable distances. Rates generally include a duration element.
Feature Group A	Line-side originating and terminating LATA access for which an originating subscriber dials an assigned telephone number that connects to a specific interexchange carrier (IC). The IC returns a tone to signal the caller to input additional generated digits of the called number.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Feature Group B	Trunk-side originating and terminating LATA access for which an originating subscriber dials a 950-WXXX number (where W=0, 1 and XXX is the carrier access code (CAC)), which is translated to a specific XXX carrier trunk group. Optional rotary dial service and ANI may be available.
Feature Group C	Trunk-side LATA access for AT&T-Communications generally on a direct basis between each end office (EO) and an AT&T-C switching system.
Feature Group D	Also referred to as equal access. It is trunk-side LATA access affording call supervision of an interexchange carrier, a uniform access code (10XXXXX), optional calling party identification, recording of access-charge billing details and presubscription to a customer specified interexchange carrier.
FX-IN	A nonswitched service where the customer of the company is connected to and receives switching service through central office equipment located in another exchange area.
FX-OUT	A switched service where facilities are provided from the central office out to the exchange boundary where it meets the line from a foreign exchange subscriber.
Host Switching System	A switching system that provides centralized control over most of the switching functions of one or more remote switching units. The host switching system usually provides trunk access to the operating company intraLATA networks.
Local Access Transport Area (LATA)	A geographic area within which an operating company may offer its telecommunications services.
Mobile Telephone	A service which provides radio telephone communication from a mobile vehicle to another vehicle or to a regular telephone.
Paging	A service which provides one-way signal or voice communication over a radio channel to a miniature receiver carried by the customer.
Pair	Two wires of a single circuit.
Pay Station	A telephone which normally requires all users to deposit one or more coins or use a credit card to complete a call.
Private Line Service	Channel or circuit rented for private use and not intended to be connected to the general distribution system.
Private Branch Exchange (PBX)	A manually, or operator controlled switching system, usually on the customer's premises, which serves that customer's telephones over a common group of lines from the central office.
Radio Common Carrier (RCC)	A company which furnishes public telecommunications service using one or more radio channels.
Remote Switching Unit (RSU)	An electronic switching system that is remote from its host or control office. All of the central control equipment for the RSU is located in the host switching system.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Route Miles	<p>Total number of route miles (to the nearest mile) of operating plant facilities including drop wire in the exchange. One route mile may consist of:</p> <ol style="list-style-type: none">1. One mile of roadway with any combination of outside plant facilities on any number of rights-of-way.2. One mile of a cross country route with any combination of outside plant facilities.3. One mile of point-to-point microwave or radio link.4. One mile of plant on either side of a limited access highway or natural barrier, such as a navigable waterway.5. One mile of joint use line where the utility either owns the facility or leases space.
Stand Alone Switch	<p>A central office switch which has no remote switching units (RSUs) subtending it.</p>
Trunk	<p>A communications path connecting two switching systems in the establishment of an end-to-end connection.</p>
Wide Area Telephone Service (WATS)	<p>Customer leased access line or lines connected to the nationwide network over which an unlimited number of calls can be made for a fixed monthly charge.</p>
Wire Center	<p>The location of one or more local switching systems. A point at which customers' loops converge.</p>

ABBREVIATIONS USED IN ANNUAL REPORTS

Acct	.....	Account
Accum	.....	Accumulated
Acq	.....	Acquisition
Admin	.....	Administrative
Alloc	.....	Allocation
Amort	.....	Amortization
CO	.....	Central Office
Depr	.....	Depreciation
Equip	.....	Equipment
Exp	.....	Expenses
EOY	.....	End of Year
FOY	.....	First of Year
Info	.....	Information
ITC	.....	Investment Tax Credit
Misc	.....	Miscellaneous
Nonoper	.....	Nonoperating
Nonreg	.....	Nonregulated
Oper	.....	Operating
Opns	.....	Operations
Orig	.....	Originating
Prop	.....	Property
Receiv	.....	Receivable
Reg	.....	Regulated
Rev	.....	Revenues
Svcs	.....	Services
Telecom	.....	Telecommunications
Term	.....	Terminating
TPIS	.....	Telecommunications Plant in Service
TPUC	.....	Telecommunications Plant Under Construction
Uncoll	.....	Uncollectible

IDENTIFICATION AND OWNERSHIP

Exact Utility Name: NIAGARA TELEPHONE COMPANY
Utility Location: 1133 MAIN ST
P.O. BOX 3
NIAGARA, WI 54151-0003

Utility Web Site Address:

When was utility organized?: 05/01/1941

Report any change in name and the effective date:

Telephone numbers for potential customers to contact company:

Business Customers: (715) 251 - 3116 Ext:

Residential Customers: (715) 251 - 3116 Ext:

Officer in charge of correspondence concerning this report

Name: MR SYDNEY R. PETERSON
Title: PRESIDENT & MANAGER

Office Address: 1133 MAIN STREET
P.O. BOX 3
NIAGARA, WI 54151-0003

Fax Number: (715) 251 - 1119
Telephone Number: (715) 251 - 3116
Email Address: nit1@net.net

Individual or firm, if other than utility employee, preparing this report

Name: MR ROBERT D. WORTINGER, CPA
Title: PARTNER
Firm: KIESLING ASSOCIATES LLP
Office Address: 8517 EXCELSIOR DRIVE, SUITE 301
MADISON, WI 53717

Fax Number: (608) 664 - 9112
Telephone Number: (608) 664 - 9110
Email Address: rwortinger@kiesling.com

Person responsible for financial information contained in report

Name: MR LARRY WINTER
Title: TREASURER

Office Address: 104 WEST WALKER STREET
P.O. BOX 160
WITTENBERG, WI 54499

Fax Number: (715) 253 - 3497
Telephone Number: (715) 253 - 2111
Email Address: lwinter@netnet.net

IDENTIFICATION AND OWNERSHIP

Person responsible for statistical information contained in report

Name: MR SYDNEY R. PETERSON
Title: PRESIDENT & MANAGER

Office Address: 1133 MAIN STREET
P.O. BOX 3
NIAGARA, WI 54151-0003

Fax Number: (715) 251 - 1119
Telephone Number: (715) 251 - 3116
Email Address: nit1@net.net

List names, addresses, and number of shares held by persons owning 5 percent or more of outstanding voting securities. If any stock is held by a nominee, give known particulars as to the beneficial owner (See Wis. Stat. § 196.795(1)(c), for definition of beneficial owner).

Name: BEATE M. REUBER
Address: PO BOX 668
HECTOR, MN 55342

Number of Shares Held: 522
Beneficial Owner: NONE

Name: BRUCE C. REUBER
Address: PO BOX 668
HECTOR, MN 55342

Number of Shares Held: 522
Beneficial Owner: NONE

Name: NANCY L. PETERSON
Address: 1100 BRUNING STREET
NIAGARA, WI 54151

Number of Shares Held: 264
Beneficial Owner: NONE

Name: SYDNEY R. PETERSON
Address: 1100 BRUNING STREET
NIAGARA, WI 54151

Number of Shares Held: 1,500
Beneficial Owner: NONE

List companies owned, controlled, or operated and form and extent of such ownership, control or operation.

Company Name: BORDERLAND COMMUNICATIONS, LLC
Form of Interest: OWNED
Extent Of Interest: 100%

OFFICERS AND DIRECTORS**Name, Title/Occupation
and Business Address**

Name: BEATE M. REUBER Title/Occupation: DIRECTOR Business Address (1): 130 BIRCH AVE WEST Business Address (2): BOX 668 Business Address (3): City State, Zip: HECTOR, MN 55342	1
Name: BRUCE C. REUBER Title/Occupation: VICE-PRESIDENT/DIRECTOR Business Address (1): 130 BIRCH AVE WEST Business Address (2): BOX 668 Business Address (3): City State, Zip: HECTOR, MN 55342	2
Name: JILL S. MONGOLD Title/Occupation: DIRECTOR Business Address (1): 7589 CREGGER LANE Business Address (2): Business Address (3): City State, Zip: MANASSAS, VA 20111	3
Name: LUCY M. LOPEZ Title/Occupation: SECRETARY-DIRECTOR Business Address (1): 1133 MAIN ST Business Address (2): BOX 3 Business Address (3): City State, Zip: NIAGARA, WI 54151	4
Name: NANCY L. PETERSON Title/Occupation: DIRECTOR Business Address (1): 1133 MAIN STREET Business Address (2): BOX 3 Business Address (3): City State, Zip: NIAGARA, WI 54151	5
Name: SYDNEY R. PETERSON Title/Occupation: DIRECTOR\PRESIDENT Business Address (1): 1133 MAIN STREET Business Address (2): BOX 3 Business Address (3): City State, Zip: NIAGARA, WI 54151	6

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	3,621,464	3,625,920	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	574,437	472,813	2
Plant Nonspecific Operations Expense	1,152,407	1,153,315	3
Customer Operations Expense (6610-6620)	416,994	382,521	4
Corporate Operations Expense (6710-6790)	443,916	490,464	5
Other Operating Income and Expense (7100)	6,483	3,583	6
Operating Taxes (7200)	448,029	482,905	7
Total Operating Expenses	3,029,300	2,978,435	8
Net Operating Income	592,164	647,485	9
Other Income			
Nonoperating Income and Expense (7300)	142,951	130,001	10
Nonoperating Taxes (7400)	30,146	77,357	11
Interest and Related Items (7500)	117,704	146,759	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	20,368	50,044	14
Total Nonoperating Income	15,469	(44,071)	15
Net Income	607,633	603,414	16

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

-
1. A summary of significant accounting policies. (The summaries should disclose, but not be limited to, the utility's accounting policies with regard to pension cost, unbilled revenues, depreciation, and income taxes.)

The accounting policies of the Company conform to generally accepted accounting principles. Management uses estimates and assumptions in preparing its financials statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Telephone operations reflect practices appropriate to the telephone industry. The accounting records of the company are maintained in accordance with Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Federal Communications Commission as modified by the Public Service Commission of Wisconsin (PSCW).

A. Property and Equipment

Telephone plant is capitalized at original cost, including the capitalized cost of salaries and wages, materials, certain payroll taxes, and employee benefits.

The Company provides for depreciation for financial reporting purposes on the straight-line method by the application of rates, based on the estimated service lives of the various classes of depreciable property.

Renewals and betterments of units of property are charged to telephone plant in service. When telephone plant is retired, its cost is removed from the asset account and charged against accumulated depreciation, together with removal cost less any salvage realized. No gains or losses are recognized in connection with routine retirements of depreciable property. Repairs and renewals of minor items of property are included in plant specific operations expense.

B. Income taxes

Income taxes are accounted for using a liability method and provide for the tax effects of transactions reported in the financial statements including both taxes currently due and deferred. Deferred taxes are adjusted to reflect deferred tax consequences at current enacted tax rates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities include the difference between carrying amounts of depreciable assets and partnership investment basis. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

C. Revenue Recognition

Revenues are recognized when earned regardless of the period in which they

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

Revenues are recognized when earned regardless of the period in which they are billed.

Revenues relating to the provision of access services to customers are derived, in part, from tariffed access charges to toll service providers (interexchange carriers), and in part from sharing in interstate. Interstate revenues are determined in accordance with cost separation procedures.

The Company is compensated for intrastate access under access charge procedures based on expense and plant investment levels, as determined by the Company and approved by the PSCW.

D. Cash Equivalents

All highly liquid investments purchased with a maturity of one year or less are considered cash equivalents.

E. Investments

Nonmarketable equity investments, over which the Company has significant influence or a 20% ownership, are reflected on the equity method. Other nonmarketable equity investments are stated at cost.

-
2. A summary of significant contingent assets and liabilities existing at year end, including a brief explanation of any action initiated by the Internal Revenue Service, Wisconsin Department of Revenue, or the utility involving a possible assessment or refund of taxes.

None

-
3. A summary of significant contingent assets and liabilities existing at year end, including a brief explanation of any action initiated by the Internal Revenue Service, Wisconsin Department of Revenue, or the utility involving a possible assessment or refund of taxes.

The mortgage to the United States of America, underlying the RUS and RTB notes, contains certain restrictions on the declaration or payment of cash dividends, redemption of capital stock, or investments in affiliated companies.

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT ASSETS			
CASH AND EQUIVALENTS			
Cash and Equivalents (1120)*	797,415	(89,365)	1
Cash (1130)			2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)			4
Temporary Investments (1160)			5
TOTAL CASH AND EQUIVALENTS	797,415	(89,365)	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	115,889	109,515	6
Accounts Receivable Allowance-Telecom (1181)*			7
Net: Telecommunications Accounts Receivable	115,889	109,515	
Other Accounts Receivable (1190)*	313,309	1,346,430	8
Accounts Receivable Allowance--Other (1191)*			9
Net: Other Accounts Receivable	313,309	1,346,430	
Notes Receivable (1200)*			10
Notes Receivable Allowance (1201)*			11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*			12
TOTAL REC AND ALLOW FOR DOUBTFUL ACCOUNTS	429,198	1,455,945	
SUPPLIES			
Inventories (1220)*	139,433	179,461	13
TOTAL SUPPLIES	139,433	179,461	
PREPAYMENTS			
Total Prepayments (1280)*	36,189	1,942	14
Prepaid Rents (1290)			15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)			17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)			19
TOTAL PREPAYMENTS	36,189	1,942	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	39,442	23,670	20
TOTAL OTHER CURRENT ASSETS	39,442	23,670	
TOTAL CURRENT ASSETS	1,441,677	1,571,653	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	669,135	607,473	21
RTB Class B Stock (1402)*			22
Other Investments in Nonaffiliated Companies (1402)*	2,890,811	2,759,332	23
Nonregulated Investments (1406)*	18,843	24,632	24
Unamortized Debt Issuance Expense (1407)*	413	1,005	25
Sinking Funds (1408)*			26

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
NONCURRENT ASSETS			
INVESTMENTS			
Other Noncurrent Assets (1410)*	253,910	38,548	27
TOTAL INVESTMENTS	3,833,112	3,430,990	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*		0	28
Deferred Maintenance and Retirements (1438)*			29
Deferred Charges (1439)*			30
TOTAL DEFERRED CHARGES	0	0	
TOTAL NONCURRENT ASSETS	3,833,112	3,430,990	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	12,462,965	12,041,479	31
Less: Accumulated Depreciation (3100)*	8,656,324	7,686,288	32
Less: Accumulated Amortization--Capitalized Leases (3410)*			33
Less: Accumulated Amortization--Leasehold Improvements (3420)*			34
Less: Accumulated Amortization--Intangible (3500)*			35
NET TELECOMMUNICATIONS PLANT IN SERVICE	3,806,641	4,355,191	
PROPERTY HELD FOR FUTURE USE			
Prop. Held for Future Telecommun. Use (2002)*			36
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200)*			37
NET PROPERTY HELD FOR FUTURE USE	0	0	
NONOPERATING PLANT			
Nonoperating Plant (2006)*	21,457	21,457	38
Less: Accumulated Depreciation--Nonoperating (3300)*	11,075	10,247	39
NET NONOPERATING PLANT	10,382	11,210	
TPUC			
TPUC (2003)*	1,991	20,555	40
TOTAL TPUC	1,991	20,555	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*			41
Less: Accumulated Amortization--Other (3600)*			42
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	3,819,014	4,386,956	
TOTAL ASSETS AND OTHER DEBITS	9,093,803	9,389,599	

BALANCE SHEET - LIABILITIES (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	225,187	352,485	1
Notes Payable (4020)*		300,000	2
Advance Billing and Payments (4030)*	28,700	23,700	3
Customer Deposits (4040)*	14,172	13,337	4
Current Maturities--Long-Term Debt (4050)*	130,100	284,750	5
Current Maturities--Capital Leases (4060)*			6
Income Taxes--Accrued (4070)*	49,502	204,502	7
Other Taxes--Accrued (4080)*		8,792	8
Net Current Deferred Operating Income Taxes (4100)*		0	9
Net Current Deferred Nonoperating Income Taxes (4110)*			10
Other Accrued Liabilities (4120)*	87,599	86,980	11
Other Current Liabilities (4130)*			12
TOTAL CURRENT LIABILITIES	535,260	1,274,546	
LONG-TERM DEBT			
Funded Debt (4210)*	1,675,147	1,805,476	13
Premium on Long-Term Debt (4220)*			14
Discount on Long-Term Debt (4230)*			15
Reacquired Debt (4240)*			16
Obligations Under Capital Leases (4250)*			17
Advances from Affiliated Companies (4260)*	0	0	18
Other Long-Term Debt (4270)*			19
TOTAL LONG-TERM DEBT	1,675,147	1,805,476	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*	158,527	139,450	20
Unamortized Operating ITC--Net (4320)*			21
Unamortized Nonoperating ITC--Net (4330)*			22
Net Noncurrent Deferred Operating Income Taxes (4340)*		0	23
Net Deferred Tax Liability Adjustments (4341)*		0	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*			25
Other Deferred Credits (4360)*	194,092	71,943	26
Deferred Tax Regulatory Liability (4361)*	1,565	2,605	27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	354,184	213,998	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	348,000	348,000	28
Additional Paid-in Capital (4520)*			29
Treasury Stock (4530)*			30
Other Capital (4540)*			31
Retained Earnings (4550)*	6,181,212	5,747,579	32
TOTAL STOCKHOLDERS' EQUITY	6,529,212	6,095,579	
TOTAL LIABILITIES AND OTHER CREDITS	9,093,803	9,389,599	

IMPORTANT CHANGES DURING THE YEAR

1. Estimated increase or decrease in annual revenues due to important rate changes, giving bases of estimates.

Estimated revenue increase of \$124,000 relating to end-user increases for multi-line and single line customers.

2. Additional matters of fact (not elsewhere provided for) which respondent may desire to include in its report.

None

AFFILIATE ABBREVIATIONS

In column (b) provide the abbreviation for the name of the affiliate shown in column (a). Limit abbreviations to 10 characters or less. Use these abbreviations when completing the affiliated interest schedules. Insert "Other" in the Abbreviations column if the activity to be reported for a particular record in the Affiliated Interest Transactions or Affiliated Assets and Liabilities schedule represents an aggregation of activity not exceeding the dollar or percentage limits set forth in the header of that schedule.

Name of Affiliate (a)	Abbreviations (b)	
Borderland Communications, LLC	BDLD	1
Computer Systems Limited Liability Corporation	CSLLC	2
Interstate Telcom Consulting Inc.	ITCI	3
Metro Southwest PCS, LLP	METRO SW	4
RSA #3	RSA #3	5
RSA #4	RSA #4	6
Wittenberg Telephone Company	WITT	7

AFFILIATED INTEREST TRANSACTIONS

Provide a summary of transactions under established affiliated interest contracts and arrangements (see Wis. Stat. § 196.52, for "affiliated interest" definitions). Use the space below to report transactions with individual affiliates and multiple affiliated interest agreements or, at the utility's option, with individual affiliates and a single agreement. Activity associated with affiliated contracts or arrangements not in excess of \$25,000 or 5 percent of the equity of the utility, whichever is smaller, may be aggregated in a single record. For utilities whose intrastate gross operating revenues of the previous year exceeded \$100,000,000, individual contracts or arrangements not exceeding \$100,000 may be aggregated in a single record. Where an affiliate is both providing and receiving service use one record to show billings to and a second record for billings from. When billings to or from an affiliate are recorded on the books of the utility, the records underlying such billings shall be sufficient to show all the detail maintained to identify the associated accounts related to the billing.

Particulars (a)	(b)	(c)	(d)	(e)	
Docket	4160ATF103	4160AT000100	4160AT000101	None	
Name of Affiliate	BDLD	CSLLC	ITCI	METRO SW	1
Designate whether billed to or from:	TO	FROM	FROM	TO	2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C	M	M	T	3
Total Dollar Activity	---CONF---	---CONF---	---CONF---	---CONF---	4
Percent of affiliate's business billed to all affiliated regulated utilities	---CONF---	---CONF---	---CONF---	---CONF---	5
If cost based, rate of return on equity or markup incorporated in billings	---CONF---	---CONF---	---CONF---	---CONF---	6
Footnotes					

Particulars (a)	(b)	(c)	(d)	(e)	
Docket	None	None	None		
Name of Affiliate	RSA #3	RSA #4	WITT		1
Designate whether billed to or from:	TO	TO	FROM		2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	T	T	C		3
Total Dollar Activity	---CONF---	---CONF---	---CONF---		4
Percent of affiliate's business billed to all affiliated regulated utilities	---CONF---	---CONF---	---CONF---		5
If cost based, rate of return on equity or markup incorporated in billings	---CONF---	---CONF---	---CONF---		6
Footnotes		J			

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	88,167		1
Motor Vehicles	2112	341,250	19,214	2
Aircraft	2113	0		3
Special Purpose Vehicles	2114	0		4
Garage Work Equipment	2115	0		5
Other Work Equipment	2116	179,265	2,155	6
Buildings	2121	850,986		7
Furniture	2122	13,484		8
Office Equipment	2123	10,308	148	9
General Purpose Computers	2124	78,292	26,876	10
TOTAL--GENERAL SUPPORT ASSETS:		1,561,752	48,393	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211	0		11
Digital Electronic Switching	2212	2,690,483	119,034	12 A
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220	0		14
Radio Systems	2231	0	0	15
Circuit Equipment	2232	1,394,633	26,799	16 A
TOTAL--CENTRAL OFFICE ASSETS:		4,085,116	145,833	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	0		17
Customer Premises Wiring	2321	0		18
Large Private Branch Exchanges	2341	0		19
Public Telephone Terminal Equipment	2351	0		20
Other Terminal Equipment	2362	0		21
TOTAL--INFORMATION ORIG/TERM ASSETS:		0	0	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	90,582	288	22
Aerial Cable	2421	361,673	3,689	23 A
Underground Cable	2422	537,446	0	24
Buried Cable	2423	4,451,945	223,885	25 A
Submarine Cable	2424	0	0	26
Deep Sea Cable	2425	0		27
Intrabuilding Network Cable	2426	0	0	28
Aerial Wire	2431	5,685		29
Conduit Systems	2441	947,280	4,801	30 A
TOTAL--CABLE WIRE FACILITIES ASSETS:		6,394,611	232,663	
AMORTIZABLE ASSETS				
Capital Leases	2681	0		31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2111			88,167	1
2112			360,464	2
2113			0	3
2114			0	4
2115			0	5
2116			181,420	6
2121			850,986	7
2122			13,484	8
2123	0	0	10,456	9
2124			105,168	10
	0	0	1,610,145	
2211			0	11
2212	0	(5,884)	2,803,633	12 A
2215	0	0	0	13
2220			0	14
2231	0	0	0	15
2232	0	11,421	1,432,853	16 A
	0	5,537	4,236,486	
2311			0	17
2321			0	18
2341			0	19
2351			0	20
2362			0	21
	0	0	0	
2411	30		90,840	22
2421	1,238	(844)	363,280	23 A
2422	0	0	537,446	24
2423	4,135	(46,495)	4,625,200	25 A
2424	0	0	0	26
2425			0	27
2426	0	0	0	28
2431			5,685	29
2441		41,802	993,883	30 A
	5,403	(5,537)	6,616,334	
2681			0	31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)
AMORTIZABLE ASSETS			
Leasehold Improvements	2682	0	32
Intangibles	2690	0	33
TOTAL--AMORTIZABLE ASSETS:		0	0
TOTAL TELECOM. PLANT IN SERVICE	2001	12,041,479	426,889
Less: Allocation to Nonregulated Activity - EOY	2001		34
NET REG. TOTAL TELE. PLANT IN SERV. - EOY	2001		

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2682			0	32
2690			0	33
	0	0	0	
	5,403	0	12,462,965	
2001			0	34
			12,462,965	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)

Report telecommunications plant data for each subaccount where primary plant accounts have subclassifications. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone plant at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subaccount (b)	Balance FOY (c)	Additions (d)	
Office Support Equipment	2123.1	1,884	0	1
Company Communications Equipment	2123.2	8,424	148	2
Software	2212.1	172,617	0	3
Digital Switching - Central Office	2212.2	2,517,866	119,034	4 A
Digital Switching - Remote	2212.3	0		5
Step by Step Switching	2215.1	0		6
Crossbar Switching	2215.2	0		7
Satellite and Earth Station Facilities	2231.1	0		8
Other Radio Facilities	2231.2	0		9
Digital Circuit Equipment	2232.1	1,394,633	26,799	10 A
Analog Circuit Equipment	2232.2	0		11
Light Wave Circuit Equipment	2232.3	0		12
Aerial Cable - Nonmetallic	2421.1	10,263	0	13
Aerial Cable - Metallic	2421.2	351,410	3,689	14 A
Underground Cable - Nonmetallic	2422.1	224,000		15 A
Underground Cable - Metallic	2422.2	313,446		16 A
Buried Cable - Nonmetallic	2423.1	866,538		17 A
Buried Cable - Metallic	2423.2	3,585,407	223,885	18 A
Submarine Cable - Nonmetallic	2424.1	0		19
Submarine Cable - Metallic	2424.2	0		20
Intrabuilding Cable - Nonmetallic	2426.1	0		21
Intrabuilding Cable - Metallic	2426.2	0		22

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS) **(cont.)**

Subaccount (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2123.1			1,884	1
2123.2			8,572	2
2212.1			172,617	3
2212.2		(5,884)	2,631,016	4 A
2212.3			0	5
2215.1			0	6
2215.2			0	7
2231.1			0	8
2231.2			0	9
2232.1		11,421	1,432,853	10 A
2232.2			0	11
2232.3			0	12
2421.1			10,263	13
2421.2	1,238	(844)	353,017	14 A
2422.1		77,768	301,768	15 A
2422.2		(77,768)	235,678	16 A
2423.1		(41,465)	825,073	17 A
2423.2	4,135	(5,030)	3,800,127	18 A
2424.1			0	19
2424.2			0	20
2426.1			0	21
2426.2			0	22

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)	
GENERAL SUPPORT ASSETS						
Motor Vehicles	2112	198,652	.0	25,043		1D
Aircraft	2113	0				2
Special Purpose Vehicles	2114	0				3
Garage Work Equipment	2115	0				4
Other Work Equipment	2116	96,577	10.0	8,691		5
Buildings	2121	423,631	4.0	34,036		6
Furniture	2122	10,224	10.0	1,348		7
Office Equipment	2123	7,923	10.0	1,711		8
General Purpose Computers	2124	78,291	25.0	5,353		9
Total-- GENERAL SUPPORT ASSETS		815,298		76,182		0
CENTRAL OFFICE ASSETS						
Analog Electronic Switching	2211	0				10
Digital Electronic Switching	2212	2,313,038	10.1	258,762		11B
Electro-Mechanical Switching	2215	0				12
Operator Systems	2220	0				13
Radio Systems	2231	0				14
Circuit Equipment	2232	1,035,893	13.74	148,525		15
Total-- CENTRAL OFFICE ASSETS		3,348,931		407,287		0
INFORMATION ORIG/TERM ASSETS						
Station Apparatus	2311	0				16
Customer Premises Wiring	2321	0				17
Large Private Branch Exchanges	2341	0				18
Public Telephone Terminal Equipment	2351	0				19
Other Terminal Equipment	2362	0				20
Total-- INFORMATION ORIG/TERM ASSETS		0		0		0
CABLE WIRE FACILITIES ASSETS						
Poles	2411	64,434	7.4	6,293		21
Aerial Cable	2421	319,171	7.4	17,731		22
Underground Cable	2422	232,759	8.3999	43,201		23
Buried Cable	2423	2,585,693	8.5	382,130		24
Submarine Cable	2424	0				25
Deep Sea Cable	2425	0				26
Intrabuilding Network Cable	2426	0				27
Aerial Wire	2431	5,685	20.0	0		28

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
CABLE WIRE FACILITIES ASSETS					
Conduit Systems	2441	314,317	4.5	43,164	29
Total-- CABLE WIRE FACILITIES ASSETS		3,522,059		492,519	0
Total Accumulated Depreciation	3100	7,686,288		975,988	0
Less: Allocation to Nonregulated Activity - Columns e, f and I	3100				30
Net Regulated Total Accum Depreciation - 3100					
Columns e, f and I					

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112					223,695	1 D
2113					0	2
2114					0	3
2115					0	4
2116					105,268	5
2121					457,667	6
2122					11,572	7
2123	0				9,634	8
2124					83,644	9
	0	0	0	0	891,480	
2211					0	10
2212	0				2,571,800	11 B
2215	0				0	12
2220					0	13
2231	0				0	14
2232	0				1,184,418	15
	0	0	0	0	3,756,218	
2311					0	16
2321					0	17
2341					0	18
2351					0	19
2362					0	20
	0	0	0	0	0	
2411	30	125			70,572	21
2421	1,238	461	18		335,221	22
2422	0				275,960	23
2423	4,135		19		2,963,707	24
2424	0				0	25
2425					0	26
2426	0				0	27
2431					5,685	28

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441					357,481	29
	5,403	586	37	0	4,008,626	
3100	5,403	586	37	0	8,656,324	
3100						30
3100						

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS)

Where subclassifications of primary plant accounts are used, report below the accumulated depreciation details for each subaccount. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone accumulated depreciation at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subacct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
Office Support Equipment	2123.1	1,883	10.0		1
Company Communications Equipment	2123.2	6,040	20.0	1,711	2
Software	2212.1	172,616	25.0		3
Digital Switching - Central Office	2212.2	2,140,422	10.1	258,762	4 B
Digital Switching - Remote	2212.3	0			5
Step by Step Switching	2215.1	0			6
Crossbar Switching	2215.2	0			7
Satellite and Earth Station Facilities	2231.1	0			8
Other Radio Facilities	2231.2	0			9
Digital Circuit Equipment	2232.1	1,035,893	13.74	148,525	10
Analog Circuit Equipment	2232.2	0			11
Light Wave Circuit Equipment	2232.3	0			12
Aerial Cable - Nonmetallic	2421.1	4,701	7.4	759	13
Aerial Cable - Metallic	2421.2	314,470	7.4	16,972	14
Underground Cable - Nonmetallic	2422.1	36,901	7.4	17,044	15
Underground Cable - Metallic	2422.2	195,858	8.5	26,157	16
Buried Cable - Nonmetallic	2423.1	191,288	8.5	69,180	17
Buried Cable - Metallic	2423.2	2,394,405	8.5	312,950	18
Submarine Cable - Nonmetallic	2424.1	0			19
Submarine Cable - Metallic	2424.2	0			20
Intrabuilding Cable - Nonmetallic	2426.1	0			21
Intrabuilding Cable - Metallic	2426.2	0			22

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS) (cont.)

Subacct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2123.1					1,883	1
2123.2					7,751	2
2212.1					172,616	3
2212.2					2,399,184	4 B
2212.3					0	5
2215.1					0	6
2215.2					0	7
2231.1					0	8
2231.2					0	9
2232.1					1,184,418	10
2232.2					0	11
2232.3					0	12
2421.1					5,460	13
2421.2	1,238	461	18		329,761	14
2422.1					53,945	15
2422.2					222,015	16
2423.1					260,468	17
2423.2	4,135		19		2,703,239	18
2424.1					0	19
2424.2					0	20
2426.1					0	21
2426.2					0	22

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	5,747,579	5,213,765	1
Changes:			
Balance Transferred from Income	607,633	603,414	2
Dividends Declared:			
Common	174,000	69,600	3
Preferred		0	4
Total Dividends Declared	174,000	69,600	
Miscellaneous Debits to Retained Earnings		0	5
Miscellaneous Credits to Retained Earnings		0	6
Balance--End of Year	<u>6,181,212</u>	<u>5,747,579</u>	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
LOCAL NETWORK SERVICES REVENUES			
Basic Local Service Revenue (5000)*	981,550	1,002,603	1
Basic Area Revenue (5001)			2
Optional Extended Area Revenue (5002)			3
Cellular Mobile Revenue (5003)			4
Other Mobile Services Revenue (5004)			5
Public Telephone Revenue (5010)			6
Local Private Line Revenue (5040)			7
Customer Premises Revenue (5050)			8
Other Local Exchange Revenue (5060)			9
Other Local Exchange Revenue Settlements (5069)			10
TOTAL BASIC LOCAL SERVICE REVENUE (5000)	981,550	1,002,603	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	328,014	203,964	11 C
Switched Access Revenue (5082)*	1,192,944	1,361,655	12
Special Access Revenue (5083)*	61,484	89,770	13 G
TOTAL INTERSTATE ACCESS REVENUES (5080)	1,582,442	1,655,389	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*	0	6,386	14
Switched Access Revenue (5084.2)*	696,212	611,154	15
Special Access Revenue (5084.3)*	16,247	15,956	16
TOTAL INTRASTATE ACCESS REVENUES (5084)	712,459	633,496	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	23,651	23,651	17
Long Distance Inward-Only Revenue (5111)			18
Long Distance Outward-Only Revenue (5112)			19
Unidirectional Long Distance Revenue (5110)	0	0	
Long Distance Private Network Revenues			
Subvoice Grade Revenue (5121)			20
Voice Grade Revenue (5122)			21
Audio Program Grade Revenue (5123)			22
Video Program Grade Revenue (5124)			23
Digital Transmission Revenue (5125)			24
Switching Revenue (5126)			25
Other Revenue (5128)			26
Other Revenue Settlements (5129)			27
Total Long Distance Private Network Revenue	0	0	
Other Long Distance Revenue (5160)			28
Other Long Distance Revenue Settlements (5169)			29
TOTAL LONG DISTANCE NET. SERVICES MESSAGE REV.	23,651	23,651	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	---CONF---	---CONF---	30
Rent Revenue (5240)*	---CONF---	---CONF---	31 G
Corporate Operations Revenue (5250)*	---CONF---	---CONF---	32
Miscellaneous:			
Miscellaneous Revenue (5260)*	---CONF---	---CONF---	33
Special Billing Arrangements Revenue (5261)	---CONF---	---CONF---	34
Customer Operations Revenue (5262)	---CONF---	---CONF---	35
Plant Operations Revenue (5263)	---CONF---	---CONF---	36
Other Incidental Regulated Revenue (5264)	---CONF---	---CONF---	37
Other Revenue Settlements (5269)	---CONF---	---CONF---	38
Total Miscellaneous Revenue (5260)	---CONF---	---CONF---	
Interstate Billing and Collection Revenue*	---CONF---	---CONF---	39 H
Intrastate Billing and Collection Revenue*	---CONF---	---CONF---	40
Total Carrier Billing and Collection Revenue (5270)*	---CONF---	---CONF---	
Nonregulated Operating Revenue (5280)**	---CONF---	---CONF---	41
TOTAL MISCELLANEOUS REVENUES	370,240	320,596	
GROSS OPERATING REVENUES	3,670,342	3,635,735	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*	48,878	9,815	42 E
Uncollectible Revenue--Telecommunications (5301)			43
Uncollectible Revenue--Other (5302)			44
TOTAL UNCOLLECTIBLE REVENUE (5300)	48,878	9,815	
TOTAL OPERATING REVENUES	3,621,464	3,625,920	

** Account 5280 is to be used only by those companies subject to dual jurisdiction.

EXPENSES - CLASS A & B

Particulars (a)	Total This Year (b)	Total Last Year (c)	
PLANT SPECIFIC OPERATIONS EXPENSE			
Total Network Support Expense (6110)		0	1
Less: Nonregulated		0	2
Net Regulated	0	0	3
Total General Support Expense (6120)	58,290	23,610	4
Less: Nonregulated		0	5 F
Net Regulated	58,290	23,610	6
Total Central Office Switching Expense (6210)	169,647	144,389	7
Less: Nonregulated		0	8
Net Regulated	169,647	144,389	9
Total Operator Systems Expense (6220)		0	10
Less: Nonregulated		0	11
Net Regulated	0	0	12
Total Central Office Transmission Expenses (6230)	29,318	27,950	13
Less: Nonregulated		0	14
Net Regulated	29,318	27,950	15
Total Information Orig. / Term. Expense (6310)		0	16
Less: Nonregulated		0	17
Net Regulated	0	0	18
Total Cable and Wire Fac. Expense (6410)	317,182	276,864	19
Less: Nonregulated		0	20
Net Regulated	317,182	276,864	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	574,437	472,813	
Less: Nonregulated	0	0	
Net Regulated	574,437	472,813	
PLANT NONSPECIFIC OPERATIONS EXPENSE			
Total Other Property, Plant and Equip. Exp. (6510)		0	22
Less: Nonregulated		0	23
Net Regulated	0	0	24
Total Network Operations Expense (6530)	145,792	129,321	25
Less: Nonregulated		0	26
Net Regulated	145,792	129,321	27
Access Expense (6540)	36,134	28,011	28
Less: Nonregulated		0	29
Net Regulated	36,134	28,011	30
Total Depreciation and Amortization Expense (6560)	970,481	995,983	31
Less: Nonregulated		0	32
Net Regulated	970,481	995,983	33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	1,152,407	1,153,315	
Less: Nonregulated	0	0	
Net Regulated	1,152,407	1,153,315	

EXPENSES - CLASS A & B

Particulars (a)	Total This Year (b)	Total Last Year (c)	
CUSTOMER OPERATIONS EXPENSE			
Total Marketing (6610)	4,767	5,892	34
Less: Nonregulated		0	35
Net Regulated	4,767	5,892	36
Total Services (6620)	412,227	376,629	37
Less: Nonregulated		0	38
Net Regulated	412,227	376,629	39
TOTAL CUSTOMER OPERATIONS EXPENSE	416,994	382,521	
Less: Nonregulated	0	0	
Net Regulated	416,994	382,521	
CORPORATE OPERATIONS EXPENSE			
Total Exec. and Planning (6710)	140,064	170,390	40
Less: Nonregulated		0	41
Net Regulated	140,064	170,390	42
Total General and Administrative (6720)	303,852	320,074	43
Less: Nonregulated		0	44
Net Regulated	303,852	320,074	45
Provision for Uncollectible Notes Receiv. (6790)		0	46
Less: Nonregulated		0	47
Net Regulated	0	0	48
TOTAL CORPORATE OPERATIONS EXPENSE	443,916	490,464	
Less: Nonregulated	0	0	
Net Regulated	443,916	490,464	
TOTAL EXPENSES	2,587,754	2,499,113	
Less: Nonregulated	0	0	
Net Regulated	2,587,754	2,499,113	

EXPENSES - CLASS A & B (DETAIL)

Particulars (a)	Total This Year (b)	Total Last Year (c)	
Property Held for Future Tele. Use Exp. (6511)		0	1
Provisioning Expense (6512)		0	2
Total: Reported in Account 6510	0	0	
Depreciat. Exp.--Tele. Plant in Service (6561)	970,481	995,983	3
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)		0	4
Amortization Expense--Tangible (6563)		0	5
Amortization Expense--Intangible (6564)		0	6
Amortization Expense--Other (6565)		0	7
Total: Reported in Account 6560	970,481	995,983	

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to the telephone relay assessment.

Description (a)	This Year (b)	
Gross Operating Revenues	3,670,342	1
Plus: Collection of amounts previously written off		2
Less: Uncollectibles written off during the year	48,878	3
Plus: Total Other Operating Income and (Expense) (7100)	6,483	4
Less: Nonregulated Operating Revenue (included in Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	3,627,947	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	981,550	1
Plus: Total Intrastate Access Revenues (5084)	712,459	2
Plus: Total Long Distance Network Services Revenue	23,651	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus: Intrastate Payphone Revenues	---CONF---	5
Plus (or Less) Other (please specify):	---CONF---	6
Assessable Revenues for Universal Service Fund Assessment Purposes	---CONF---	

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to the telephone relay assessment.

Description (a)	This Year (b)	
Gross Operating Revenues	3,670,342	1
Plus: Collection of amounts previously written off		2
Less: Uncollectibles written off during the year	48,878	3
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Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	<u>3,627,947</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	981,550	1
Plus: Total Intrastate Access Revenues (5084)	712,459	2
Plus: Total Long Distance Network Services Revenue	23,651	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus: Intrastate Payphone Revenues	---CONF---	5
Plus (or Less) Other (please specify):	---CONF---	6
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>---CONF---</u>	

OTHER INCOME ACCOUNTS

Particulars (a)	This Year (b)	Last Year (c)	
OTHER OPERATING INCOME AND EXPENSE			
Total Other Oper. Income and (Expense) (7100)	6,483	3,583	1
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)			2
Operating Federal Income Taxes (7220)	381,222	374,729	3
Operating State and Local Income Taxes (7230)	104,227	91,226	4
Operating Other Taxes (7240)	114,509	122,488	5
Provision for Deferred Operating Income Taxes--Net (7250)	(151,929)	(105,538)	6
TOTAL OPERATING TAXES (7200)	448,029	482,905	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)	4,280	2,851	7
Interest Income (7320)	45,315	49,656	8
Income from Sinking and Other Funds (7330)			9
Allowance for Funds Used During Construction (7340)			10
Gains or (Losses) from the Disposition of Certain Property (7350)			11
Other Nonoperating Income (7360)	100,814	80,715	12
Special Charges (7370)	7,458	3,221	13
TOTAL NONOPERATING INCOME AND EXPENSE (7300)	142,951	130,001	
NONOPERATING TAXES			
Total Nonoperating Taxes (7400)	30,146	77,357	14
INTEREST AND RELATED ITEMS			
Total Interest and Related Items (7500)	117,704	146,759	15
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)			16
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)	20,368	50,044	17

NONREGULATED ACTIVITIES

List the type of nonregulated activities that the company is involved in.

Nonregulated Activity (a)	
---CONF---	1
---CONF---	2

EMPLOYEE DATA - END OF YEAR

Report employee data based on primary allocation of respective wages and salaries.

Particulars (a)	Employees (b)	
Plant Operations		
Supervisory & Management	2	1
Central Office	2	2
Outside Plant	8	3
Building & Service		4
Other		5
Customer Operations		
Supervisory & Management		6
Operators		7
Business Office	4	8
Other	2	9
Corporate Operations		
Executive & General Management	1	10
Accounting & Finance	1	11
External Relations		12
Human Resources		13
Information Management		14
Legal		15
Procurement		16
Research & Development	1	17
Other		18
Other		
All Other Employees, Not Listed Above		19
Total Employees	21	
Part-Time Employees	2	20
Full-Time Employees	19	21
Total Part-Time and Full-Time Employees	21	

TELEPHONE CALLS AND MINUTES OF USE PER MONTH

Enter average number, in thousands, of calls and minutes of use per month. The averages may be based on actual counts taken periodically during the year. Please provide level of detail available.

Item (a)	Telephone Calls (000's) (b)	Minutes of Use (000's) (c)	
LOCAL			
Intra-Exchange	533	630	1
Extended Area Service	127	1,698	2
Extended Community Calling	18	170	3
Other Local-Undefined	29	200	4
Total Local	707	2,698	
TOLL			
Toll	215	1,879	5
Total Toll	215	1,879	
Total Local & Toll	922	4,577	

ACCESS USAGE

Enter number, in thousands, of Billed Minutes.

Description (a)	Billed Minutes (000's)				
	Interstate InterLATA (b)	Intrastate InterLATA (c)	Intrastate IntraLATA (d)	Interstate IntraLATA (e)	
Feature Group A -- Orig.	0	0	0	0	1
Feature Group A -- Term.	0	0	0	0	2
Feature Group B -- Orig.	0	0	0	0	3
Feature Group B -- Term.	0	0	0	0	4
Feature Group C -- Orig.	0	0	0	0	5
Feature Group C -- Term.	0	0	0	0	6
Feature Group D -- Orig.	2,457	2,650	174	2,065	7
Feature Group D -- Term.	8,154	6,533	2	517	8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	99	1
Strand miles of plant - fiber optics	2,095	2
Route miles of plant - microwave		3

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	12	8	1
56 kbps	9	0	2
64 kbps (DS0)	0	0	3
1.54 Mbps (DS-1)	16	0	4
45 Mbps (DS-3)	0	0	5
SONET OC-1	0	0	6
SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	10

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	99	1
Strand miles of plant - fiber optics	2,095	2
Route miles of plant - microwave		3

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	12	8	1
56 kbps	9	0	2
64 kbps (DS0)	0	0	3
1.54 Mbps (DS-1)	16	0	4
45 Mbps (DS-3)	0	0	5
SONET OC-1	0	0	6
SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	10

SERVICE DATA

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Business			
1 Party	678	675	3
2 Party			4
4 Party			5
PBX Trunks/System Trunks	0	0	6
Centrex Trunks	27	27	7
Centrex Lines			8
Key System Trunks	215	243	9
Mobile (Utility Provided Service)			10
Paging (Utility Provided Service)			11
FX-Out (Switched)			12
Pay Telephone	37	36	13
Coin-Operated Pay Telephone	0	0	14
Independent Pay Telephone Provider	0	0	15
Other			16
Total Business Lines	957	981	17
Residential (Incl. Emp. Concess.)			
1 Party	3,503	3,507	19
2 Party			20
4 Party			21
FX-Out (Switched)			22
Other	18	18	23
Total Residential Lines	3,521	3,525	24
Total Bus & Res Lines	4,478	4,506	25
Company Used Lines	26	28	26
Total Lines Used	4,504	4,534	27

SERVICE DATA (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Miscellaneous			
WATS Lines - OutWATS			3
WATS Lines - 800 Service	1		4
FX-In-intraLATA			5
Special Access-intraLATA			6
(expressed in equiv. access lines)	8	8	7
Special Access-interLATA			8
(expressed in equiv. access lines)	332	405	9
Feature Group A Lines			10
Feature Group B Trunks			11
Feature Group C Trunks			12
Feature Group D Trunks	120	2,062	13
TSPS - Trunks			14
EAS - Trunks	72	210	15
Cellular Trunks (Pub. Sw. Net.)	24	24	16
Video Distance Learning		2	17
- discounted (special tariff)			18
Customers			
Lifeline Customers	135	135	19
Linkup Customers	0	0	20
Other			
Total Company Square Miles	389	392	21
Total Company Route Miles	581	596	22
Footnotes			23
			24
			25

SERVICE DATA - END OF YEAR

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	0250	1880	3830	5040	1
Business					2
1 Party	---CONF---	---CONF---	---CONF---	---CONF---	3
2 Party	---CONF---	---CONF---	---CONF---	---CONF---	4
4 Party	---CONF---	---CONF---	---CONF---	---CONF---	5
PBX Trunks/System Trunks	---CONF---	---CONF---	---CONF---	---CONF---	6
Centrex Trunks	---CONF---	---CONF---	---CONF---	---CONF---	7
Centrex Lines	---CONF---	---CONF---	---CONF---	---CONF---	8
Key System Trunks	---CONF---	---CONF---	---CONF---	---CONF---	9
Mobile (utility provided service)	---CONF---	---CONF---	---CONF---	---CONF---	10
Paging (utility provided service)	---CONF---	---CONF---	---CONF---	---CONF---	11
FX-Out (Switched)	---CONF---	---CONF---	---CONF---	---CONF---	12
Pay Telephone	---CONF---	---CONF---	---CONF---	---CONF---	13
Coin-Operated Pay Telephone	---CONF---	---CONF---	---CONF---	---CONF---	14
Independent Pay Telephone Provider	---CONF---	---CONF---	---CONF---	---CONF---	15
Other	---CONF---	---CONF---	---CONF---	---CONF---	16
Total Business Lines	109	321	450	101	17
Residential (Incl. Emp. Concess.)					18
1 Party	---CONF---	---CONF---	---CONF---	---CONF---	19
2 Party	---CONF---	---CONF---	---CONF---	---CONF---	20
4 Party	---CONF---	---CONF---	---CONF---	---CONF---	21
FX-Out (Switched)	---CONF---	---CONF---	---CONF---	---CONF---	22
Other	---CONF---	---CONF---	---CONF---	---CONF---	23
Total Residential Lines	719	991	1,150	665	24
Total Bus & Res Lines	828	1,312	1,600	766	25
Company Used Lines	8	5	11	4	26
Total Lines Used	836	1,317	1,611	770	27

SERVICE DATA - END OF YEAR (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	0250	1880	3830	5040	1
Miscellaneous					2
WATS Lines - OutWATS	---CONF---	---CONF---	---CONF---	---CONF---	3
WATS Lines - 800 Service	---CONF---	---CONF---	---CONF---	---CONF---	4
FX-In-intraLATA	---CONF---	---CONF---	---CONF---	---CONF---	5
Special Access-intraLATA					6
(equiv. access lines)	---CONF---	---CONF---	---CONF---	---CONF---	7
Special Access-interLATA					8
(equiv. access lines)	---CONF---	---CONF---	---CONF---	---CONF---	9
Feature Group A Lines	---CONF---	---CONF---	---CONF---	---CONF---	10
Feature Group B Trunks	---CONF---	---CONF---	---CONF---	---CONF---	11
Feature Group C Trunks	---CONF---	---CONF---	---CONF---	---CONF---	12
Feature Group D Trunks	---CONF---	---CONF---	---CONF---	---CONF---	13
TSPS - Trunks	---CONF---	---CONF---	---CONF---	---CONF---	14
EAS - Trunks	72		72	66	15
Cellular Trunks (Pub. Sw. Net.)	---CONF---	---CONF---	---CONF---	---CONF---	16
Video Distance Learning					17
- discounted (special tariff)		1	1		18
Other					19
Exchange Square Miles	93	208	64	27	20
Exchange Route Miles	137	213	144	102	21
Footnotes					22

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Manufacturer Name (a)	Abbreviation (b)	
Alcatel	AL	1
ATTC	ATT	2
GTE	GTE	3
ITT	ITT	4
Lucent	ATT/LUC	5
Nippon Electric	NEC	6
Northern Telecom	NTI	7
Siemens	SI	8
Stromberg-Carlson	SC	9
VIDAR	VI	10

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Equipment Type (a)	Abbreviation (b)	
Electromechanical	EM	1
Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

MANUFACTURER ABBREVIATIONS

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EQUIPMENT ABBREVIATIONS

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Electromechanical	EM	1
Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

CENTRAL OFFICE DATA - END OF YEAR

When an exchange has more than one central office, data must be reported for each central office.

Description (a)	Central Off. (b)	Central Off. (c)	Central Off. (d)	Central Off. (e)	
Exchange Name	AURORA	FLORENCE	NIAGARA	SPREAD EAGLE	1
PSCW Exchange ID	0250	1880	3830	5040	2
Central Office Name	AURORA	FLORENCE	NIAGARA	SPREAD EAGLE	3
PSCW Central Office ID	1	1	1	1	4
Central Office CLLI Code	AURRWIXACGO	FLORWIXADSO	NIGRWIXXDSO	SPEGWIXACGO	5
Manufacturer of COE (Page 54)	SC	SC	SC	SC	6
Year COE Installed	1998	1998	1983	1991	7
Type of Equipment (Page 54)	D	D	D	D	8
(S)tandalone, (H)ost, (R)emote, (A)dv Fiber Comm	R	R	H	S	9
Remote Host PSCW Exchange ID	3830	3830			10
Remote Host PSCW Central Office ID	1	1			11
COE Generic Software Release No.	23	23	23	23	12
SS7?	Yes	Yes	Yes	Yes	13
9-1-1?	No	No	Yes	No	14
Access Lines - In Use	814	1,317	1,617	906	15
- Equipped	1,305	1,785	2,173	1,226	16
- Wired	1,440	1,800	2,210	1,350	17
Trunks - In Use	96	120	1,680	216	18
- Equipped	96	120	1,920	288	19
- Wired	144	144	2,112	504	20
ISDN Available?	No	No	No	No	21
ISDN Lines - In Use (BRI)	---CONF---	---CONF---	---CONF---	---CONF---	22
- In Use (PRI)	---CONF---	---CONF---	---CONF---	---CONF---	23
XDSL Available?	No	Yes	Yes	No	24
- In Use (# lines)	---CONF---	---CONF---	---CONF---	---CONF---	25
Switched 56 Service?	No	No	No	No	26
Switched 56 lines in use	---CONF---	---CONF---	---CONF---	---CONF---	27
Digital Transmission Facilities: DS-1 - In Use	---CONF---	---CONF---	---CONF---	---CONF---	28
DS-3 - In Use	---CONF---	---CONF---	---CONF---	---CONF---	29
Advanced Data Service Available:					
Packet Switching?	No	No	No	No	30
SMDS?	No	No	No	No	31
Frame Relay?	No	No	No	No	32
ATM (Asynchronous Trans. Mode)?	No	No	No	No	33
Video Information - Service Available?	No	No	No	No	34
- In Use (# lines) ¹	---CONF---	---CONF---	---CONF---	---CONF---	35
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	32	16	36	16	36
No. of fiber strands working (LIT) in C.O.	---CONF---	---CONF---	---CONF---	---CONF---	37
No. of fiber strands for interoffice use	28	4	26		38
Miles of fiber sheath in wire center	14	8	48	29	39
Access Tandem Serving this C.O.:					
- C.O. Name	NIAGARA	NIAGARA	NIAGARA	NIAGARA	40
- PSCW C.O. ID	3830-01	3830-01	3830-01	3830-01	41
Does this C.O. do access tandem switching?	No	No	Yes	No	42
Footnotes					43

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES**General Footnote****Accountants Compilation Report**

To the Board of Directors
Niagara Telephone Company
Niagara, Wisconsin

We have compiled the balance sheets of Niagara Telephone Company as of December 31, 2002 and 2001, and the related statements of income and retained earnings for the years then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form, except for pages 46 through 55.

Our compilation was limited to presenting in the form prescribed by the Public Service Commission of Wisconsin, information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements (including related disclosures) and the supplementary information are presented in accordance with the requirements of the Public Service Commission of Wisconsin, which differ from generally accepted accounting principles. Accordingly, these financial statements and supplementary information are not designed for those who are not informed about such differences.

The supplementary information contained on pages 46 through 55 of the accompanying prescribed form has not been audited, reviewed, or compiled by us, and, accordingly, we assume no responsibility for that information.

Kiesling Associates LLP
Madison, Wisconsin
March 31, 2003

Schedule Footnotes**Service Data - End of Year Footnote. Page 52**

Video Distance Learning was added at two school districts

Schedule Line Footnotes

- A) CPR Adjustments
- B) The depreciation rate is a weighted average based on the account balances.
- C) Increase in end-user rates during 2002.
- D) Account depreciation is on a per unit basis.
- E) Increase due to Worldcom and Global Crossing write-offs in 2002.
- F) 2001 includes \$26,000 PECFA receipt.
- G) In 2001 account 5083 included fiber lease revenues started in 2001, now properly included in account 5240.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

- H)** Decrease is consistent with prior years and industry
- I)** The amount of -0- is correct.
- J)** They are in the process of filing an affiliate interest agreement.